AR04

BAY MILLS

Annual Report for the year ended July 31, 1976

Bay Mills Limited

Financial Highlights	1976	1975
Sales	$32,770,000	$23,861,568
Net Earnings	263,552	617,465
Earnings per share after extraordinary items	.62	1.52
Shareholders' equity	4,870,557	4,755,395
% return on shareholders' equity at beginning of year before extraordinary items	5%	15%

Annual meeting King Edward Hotel, Toronto, November 16, 1976

To our Shareholders

In spite of a strong increase in sales to $32,770,000, net earnings after taxes for the year ended July 31st, 1976 were a disappointing $263,552 compared with $617,465 in the previous year. The decrease in earnings was due to over-capacity in some of our markets, to losses incurred in turning around the operation of House of Sturgeon to a profitable operation, and to starting up a new plant in the U.S.A.

Your company's first venture into the United States was started late in the fiscal year. Bayex Incorporated built a new 45,000 square foot factory at Albion, New York at a cost (when complete), of $3.2 million. Operations started on a limited scale in the third quarter. Certain start-up and training costs have been capitalized and will be written off over a maximum of five years. On the other hand, substantial market development costs were incurred and charged to earnings.

The effect of these is now evident as the U.S. plant is operating at the capacity of the installed equipment on a seven-day, three-shift schedule. Additional machinery is to be installed early next year. This new venture, which drained earnings in 1976, is expected to contribute significantly to profits in 1977 and in subsequent years.

The House of Sturgeon lost money in the first six months of the year, but this trend was reversed at the beginning of the third quarter when it was merged with Donlun Chemical Coatings Ltd. and Mr. Don Lunny, the owner of Donlun, was appointed General Manager of House of Sturgeon. The company has operated profitably since the merger, but the profits earned during the last half of the year were insufficient to offset the losses incurred in the first half. The House of Sturgeon is expected to contribute to earnings this year.

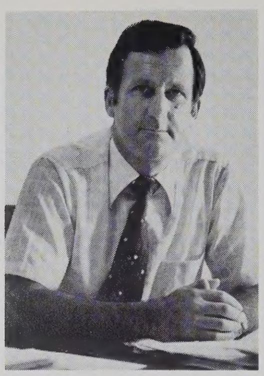
Several senior appointments were made during the year to strengthen management. In February, Mr. W. J. Cosgrove was appointed Vice President, Finance. Mr. Cosgrove spent several years as the chief financial officer of Shaw Pipe Industries and subsequently in a senior financial position with Metropolitan Toronto. Mr. A. G. Farrell was appointed General Manager of Midland Division to replace Mr. S. J. Nicholls who was appointed Vice-President, Corporate. Mr. Farrell has a broad knowledge of industrial textiles having gained experience over several years in the employ of Courtaulds and Dominion Textile.

A participating dividend of 11¢ per share will be paid on December 15, 1976 on Preferred Shares Series 'A' outstanding as of December 1, 1976. Throughout the year your company purchased for cancellation a total of 9,710 Preferred Shares Series 'A' when these were available at prices below $10.50 per share. It is our present intention to continue the purchase of these shares whenever they are offered for sale.

We believe we have laid the foundations for a return to attractive margins of profit. Several major new products have been developed and are being marketed. Costs have been reduced wherever possible. We look forward to a better year this year than last.

Respectfully submitted on behalf of the Board of Directors.

Midland Division



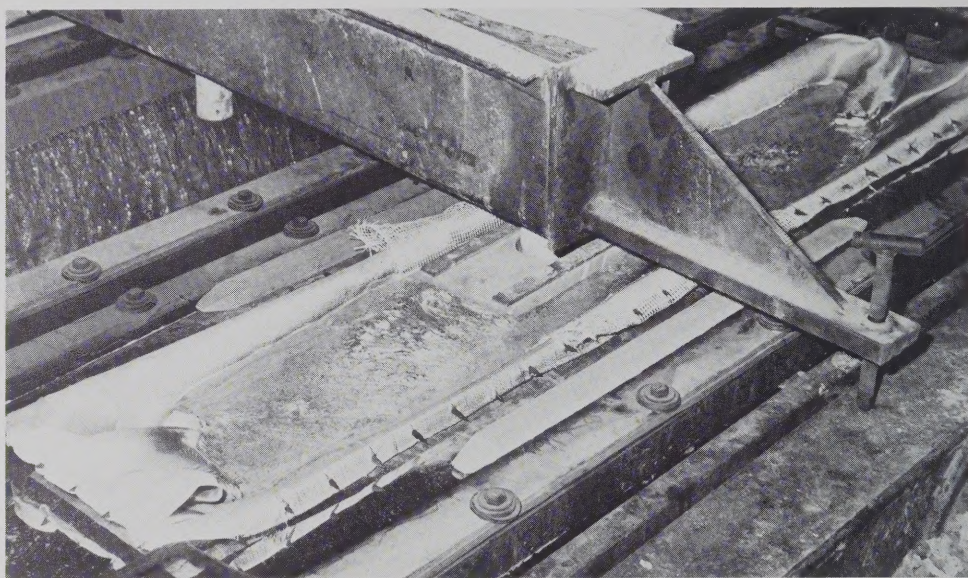
A.G.Farrell, General Manager

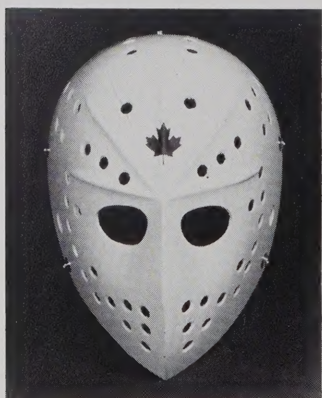
The past year has been marked by a gradual recovery in sales from the low levels of the recession to the point where some of our product lines are in short supply. Our Export sales are increasing and new markets in the U.S.A. have been developed. Our profit margins are being maintained through higher prices and improved production efficiencies.

Continuing efforts in product development have resulted in new markets being developed for polypropylene, polyester and nylon industrial fabrics. We expect a major contribution to profits from our new products in the coming year.

During the year our marketing staff was strengthened by the appointment of Mr. Graham Tyler, Sales Manager, Mr. Val Stryk, Export Manager, and Mr. Tim Maye, Sales Development Manager–New Products.

Our order backlog is rapidly increasing and, barring any major downturn in the economy, the forecast for the current year is an encouraging one.



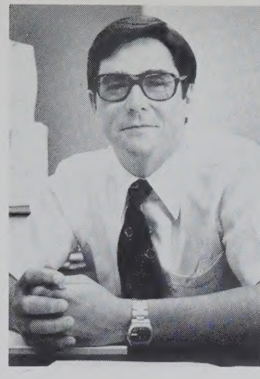


Top: Molten aluminum is filtered through glass fabric woven and finished in Midland. No other woven material can withstand the 1220 F (660C) temperature.

Centre: Permascreen vinyl-coated glass fibre insect screening from the Midland Division allows dining room comfort outdoors in this popular gazebo.

Left: Fibreglass fabric woven by the Midland Division reinforces this hockey goalie's face mask.

Bayex Division



S.R.Scotchmer, General Manager

Last year was a period both of recovery and major expansion for the Bayex Division.

In Canada business recovered from the depressed levels of the previous year and the St. Catharines plant operated at a more profitable level. The equipment necessary for our patented 'BAMILEX'* non-woven fabric has been set up and development work is proceeding.

In the United States, Bayex Incorporated completed construction of a new 45,000-square foot plant within budget. This plant in Albion, New York will more than double our capacity and incorporates many improvements to increase efficiencies and profitability.

In preparation for the production coming from our new plant, Bayex has been engaged in a wide-ranging market and product development program. To take advantage of the results of this program, we have doubled our sales force. They are now successfully selling in many new markets.

Profitability will be enhanced in the current year because of the savings in customs duty gained by shipping from our U.S. plant instead of exporting from Canada.

*Regd. T.M.

Above: Bayex Incorporated's ultra-modern 45,000 square foot plant in Albion, N.Y. more than doubles our capacity.

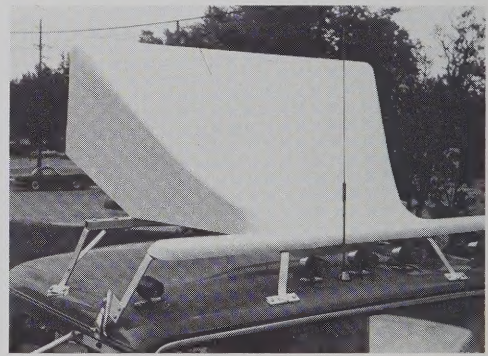
Left: Reinforced Foil Scrim Kraft used as a vapour barrier for insulation.

H.C.Smith, President

Mia Chemical Division

During the year, Mia Chemical suffered from price cutting in polyester resins. Significant new capacity in polyester resin manufacturing was brought into production to serve a market already in an oversupply position. To counter the effect of lower margins we cut costs significantly, and later in the year restored our normal operating profit margins. The activity level in the Reinforced Plastics Industry we supply has not yet recovered from the effects of the recession, however, our share of the market is increasing.

Additions of new types of rigid urethane foam systems, coatings and equipment have aided our growing penetration of that market. We now have the broadest range of supplies and equipment offered in the industry backed up by excellent technical service. With the continuing energy shortage, we feel that our efforts to expand our sales of urethane foam insulation will be successful. Our foam sales staff has been strengthened and we are now selling a unique foamed-in-place packaging system to protect products during shipment.



Top: Over 140,000 lbs. of Mia Chemical 2 lb. density polyurethane foam was injected between the outer brick wall and the interior wood frame of this Montreal apartment house to an in-place thickness of 1 to 1½ inches resulting in a substantial heating cost reduction. The Contractor was Aimé Sigouin Inc., Montreal.

Above: Fuel-saving air deflectors like this made from polyester gelcoat, resin and fibreglass supplied by Mia Chemical, are manufactured by Trail-Air Scoop Limited.

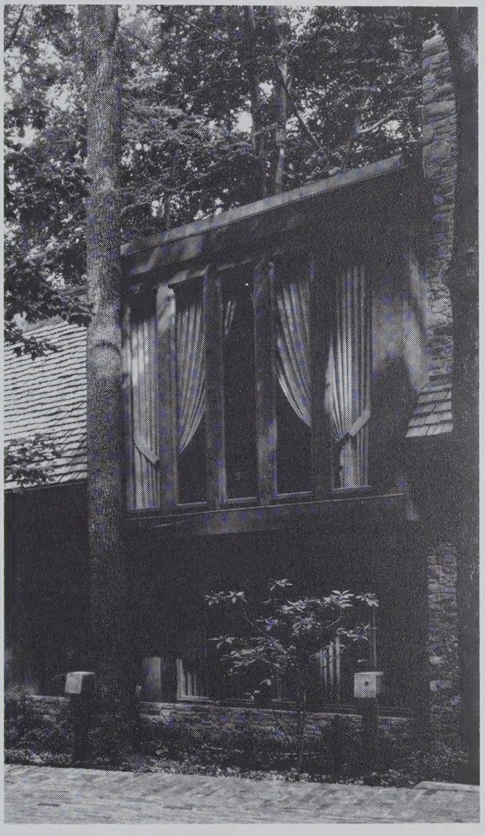
Left: Mia Chemical gelcoats form the outer surface of the polyester panels used in the CN Tower's upper sections. They are molded by Protective Plastics Limited.

House of Sturgeon

D.Lunny, General Manager

The House of Sturgeon's financial performance in the first six months of our fiscal year was considerably below earlier projections. As of February 1, 1976 the House of Sturgeon purchased Donlun Chemical Coatings Ltd. and merged both operations at our Norelco Drive location. This merger gave the House of Sturgeon a broad lacquer and industrial product base. Substantial cost reductions were realized, sales increased by 44% over the last fiscal period, and an encouraging return to profitable operations was achieved.

The acquisition of Donlun Chemical has brought the House of Sturgeon into the lacquer market and several interesting opportunities are being pursued. Our traditional product lines have been rationalized and new marketing efforts are being made. We expect to increase our profits in the new year.



Top: For six decades Solignum products from The House of Sturgeon have been renowned for their outstanding wood preserving and beautifying properties.

Bottom: The House of Sturgeon supplies vinyl compounds for these attractive 'Poly-mats' manufactured by Dura Undercushions Ltd. They are used to protect office floors, etc.

Consolidated Statement of Earnings

Year ended	July 31, 1976	July 31, 1975
Sales	$32,770,000	$23,861,568
Cost of sales, selling, distribution and general expenses	$31,649,387	$22,348,794
Depreciation and amortization (Note 3)	416,130	351,990
	$32,065,517	$22,700,784
Earnings from operations	$ 704,483	$ 1,160,784
Interest on term debt	304,312	153,907
Net earnings before taxes and extraordinary item	$ 400,171	$ 1,006,877
Taxes on income	156,619	390,575
	$ 243,552	$ 616,302
Extraordinary items (Note 10)	20,000	1,163
Net earnings	$ 263,552	$ 617,465
Earnings per share, based on average number of shares outstanding – 379,582 shares (1975 – 377,490)		
Before extraordinary items	$ .57	$ 1.51
Net earnings per share	$ .62	$ 1.52

Consolidated Statements of Surplus Accounts

Year ended	July 31, 1976	July 31, 1975
Retained Earnings		
Balance August 1, as previously reported	$ 2,771,918	$ 2,415,507
Adjustment of prior years depreciation, less applicable taxes on income (Note 3)	341,284	238,784
As restated	$ 3,113,202	$ 2,654,291
Add (deduct):		
Consolidated net profit for the year	$ 263,552	$ 617,465
Dividends paid on preferred shares	(34,152)	(73,231)
Appropriation to reserve for redemption of preferred shares	(6,396)	(5,843)
Appropriation to capital surplus	(97,100)	(79,480)
	$ 125,904	$ 458,911
Balance July 31	$ 3,239,106	$ 3,113,202
Reserve for redemption of preferred shares		
Balance August 1	$ —	$ —
Amount appropriated from retained earnings	6,396	5,843
Premium paid on redemption of 9,710 shares (1975 – 7,948 shares)	(6,396)	(5,843)
Balance July 31	$ —	$ —
Capital surplus		
Balance August 1	$ 135,530	$ 56,050
Arising pursuant to the Canada Corporations Act as a result of the purchase for cancellation of 9,710 preferred shares (1975 – 7,948 shares)	97,100	79,480
Balance July 31	$ 232,630	$ 135,530
Contributed surplus		
Balance August 1	$ 331,439	$ 325,607
Government grants (adjusted) received	(14,922)	5,832
Balance July 31	$ 316,517	$ 331,439

Consolidated Balance Sheet

Assets

	July 31, 1976	July 31, 1975
Current assets		
Cash on hand and on deposit	$ 671,653	$ 1,217,570
Accounts receivable, trade, less allowance for doubtful accounts (Note 2)	5,752,486	4,596,720
Inventories, at the lower of cost and replacement value	4,616,316	4,812,432
Recoverable taxes on income	—	95,176
Prepaid expenses	323,499	345,620
Total current assets	$11,363,954	$11,067,518
Fixed assets (Note 3)	4,196,039	4,203,782
Deferred charges and other assets (Note 4)	681,400	409,892
	$16,241,393	$15,681,192

Liabilities

Current liabilities		
Due to bank, secured	$ 3,500,000	$ 2,866,111
Accounts payable and accrued liabilities	4,102,593	4,239,390
Due to U.S. subsidiary, Bayex Incorporated	—	25,443
Current portion of term debt	303,948	279,466
Income taxes payable	177,687	—
Total current liabilities	$ 8,084,228	$ 7,410,410
Term debt (Note 5)	2,216,738	2,409,087
Deferred tax credit (Note 1(d))	1,069,850	1,106,300

Shareholders' Equity

Capital stock		
Authorized:		
149,000 preferred shares, par value of $10 each, of which 23,263 have been purchased for cancellation (9,710 during the year)		
1,000,000 common shares, no par value		
Issued:		
Preferred – 35,737 6% cumulative, redeemable participating first preferred shares Series A (Note 6)	$ 357,370	$ 454,470
Common – 379,932 shares including 700 during the year (1975 – 379,232) (Note 7)	724,954	720,754
	$ 1,082,324	$ 1,175,224
Surplus		
Retained earnings	$ 3,239,106	$ 3,113,202
Capital surplus	232,630	135,530
Contributed surplus	316,517	331,439
	$ 3,788,253	$ 3,580,171
Shareholders' equity	$ 4,870,577	$ 4,755,395
	$16,241,393	$15,681,192

Approved on behalf of the Board Steven Cerny, Director Derek H. Mather, Director

Consolidated Statement of Changes in Financial Position

Year ended	July 31, 1976	July 31, 1975
Funds provided		
Net earnings	$ 263,552	$ 617,465
Provision for depreciation and amortization	416,130	351,990
(Decrease) increase in deferred tax credit	(36,450)	258,000
Profit on disposal of fixed assets	(40,981)	(40,491)
Total from operations	$ 602,251	$ 1,186,964
Proceeds on disposal of building, (House of Sturgeon (National) Limited)	—	460,300
Proceeds on disposal of other fixed assets	65,767	10,530
Financing proceeds	86,400	1,734,087
Proceeds on issue of 700 common shares (1975 – 20,900 shares)	4,200	145,500
(Decrease) increase in contributed surplus	(4,272)	5,832
Total	$ 754,346	$ 3,543,213
Funds applied		
Net additions to fixed assets	$ 432,222	$ 1,026,803
Repayment of term debt	278,749	915,000
Purchase for cancellation of 9,710 preferred shares (1975 – 7,948 shares)	103,496	85,323
Dividends on preferred shares	34,152	73,231
Purchase of U.S. subsidiary, not previously consolidated	(5,000)	5,000
Acquisition of 100% of subsidiary, (House of Sturgeon (National) Limited), including negative working capital of $202,466	—	222,466
Increase in deferred charges and other assets	288,109	80,838
Total	$ 1,131,728	$ 2,408,661
Net current assets		
Net (decrease) increase for year	$ (377,382)	$ 1,134,552
Beginning of year	3,657,108	2,522,556
End of year	$ 3,279,726	$ 3,657,108

Auditors' Report

To the Shareholders of Bay Mills Limited:

We have examined the consolidated balance sheet of Bay Mills Limited and subsidiaries as at July 31, 1976 and the consolidated statements of earnings, capital surplus, contributed surplus, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Bay Mills Limited and the Canadian subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of the United States subsidiary.

In our opinion the aforementioned financial statements present fairly the consolidated financial position of the companies as at July 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of calculating depreciation referred to in NOTE 3 of the financial statements (with which we concur), on a basis consistent with that of the preceding year.

Hutchins, Mullin & Blair

Hutchins, Mullin & Blair, Chartered Accountants
September 16, 1976

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The financial statements consolidate the accounts of the company and all subsidiaries which include the accounts of the following operating subsidiaries:

Mia Chemical Limited
Park-Hannesson Ltd.
Waldor Chemical Ltd.
Mia Manufacturing Limited
House of Sturgeon (National) Limited
Bayex Incorporated

All significant intercompany transactions have been eliminated.

(b) Fixed Assets

Land, building and equipment are carried at cost.

Depreciation is provided on a straight-line basis over the estimated useful life of the assets. Profits and losses on disposal of fixed assets are charged to earnings.

(c) Deferred Charges and Other Assets

Intangible assets purchased are stated at cost less accumulated amortization. Management reviews these values annually and records any appropriate amortization.

Start-up costs of major new facilities incurred prior to attaining normal levels of production are deferred and amortized over a period not exceeding five years.

Deferred financing costs are amortized over the life of the obligation.

(d) Income Taxes

The company accounts for income taxes on the tax allocation basis which relates income taxes to the accounting income for the year. The major timing differences relate to fixed assets.

The benefits of loss carry-forwards are not recognized until realized, unless, in the opinion of management, it is virtually certain that future earnings will be sufficient to realize them.

Investment tax credits arising from the acquisition of new manufacturing facilities available to reduce taxes on income of future years are credited to earnings when realized.

(e) Research and Development

Research and development expenses, including costs related to development of new product patents and processes, are charged to income as incurred.

(f) Foreign Exchange Translation

In the accounts foreign currencies are translated into Canadian dollars at the exchange rates in effect at year end for current assets and liabilities, at historical exchange rates for non-current assets and liabilities and at average exchange rates during the year for income and expense items.

2. Accounts Receivable

Accounts receivable are recorded net of $296,020 allowance for doubtful accounts.

Included in accounts receivable is a claim for duty recoverable which arose due to a dispute as to the customs classification of goods exported. In the opinion of management the dispute will be settled in favour of the Company. If not, future earnings will be reduced by approximately $160,000 after applicable taxes.

3. Fixed Assets, at cost less accumulated depreciation and amortization.

Assets	1976	1975
Land and buildings	$1,661,851	$1,655,916
Machinery and equipment	4,533,228	4,221,101
Furniture and fixtures	300,260	251,948
Leasehold improvements	170,779	152,789
	$6,666,118	$6,281,754
Less accumulated depreciation and amortization	2,470,079	2,077,972
	$4,196,039	$4,203,782

During the year the Company changed its method of depreciating fixed assets from declining balance to the policy as outlined in NOTE 1 (b) above.

If depreciation had been calculated under the previous policy, an additional $199,500 of depreciation expense would have been charged to income in 1976.

The financial statements for the year ended July 31, 1975 have been restated to reflect the change in policy. Net earnings for that year have been increased by $102,500.

Balance sheet changes	Total	1975	Prior years
Accumulated depreciation decreased	$637,084	$180,000	$457,084
Deferred taxes on income increased	295,800	77,500	218,300
Increase in retained earnings	$341,284	$102,500	$238,784

4. Deferred Charges and Other Assets

	1976	1975
Start-up costs	$221,400	$ —
Financing costs	63,756	—
Intangible assets purchased	270,000	270,000
Deposits and non-current receivables	126,244	139,892
	$681,400	$409,892

Start-up costs were incurred at the new manufacturing facility which was completed during the third quarter of the current fiscal year. The new facility is Bayex Incorporated in Albion, New York.

At July 31, 1976 the plant was only producing at 50% of its expected capacity. The start-up costs of $233,000 are being amortized over a period not to exceed five years.

5. Term Debt

	1976	1975
Term loan, secured	$1,596,000	$1,680,000
Equipment debentures	471,900	560,760
Conditional sales contracts	232,786	267,793
Notes payable	220,000	180,000
	$2,520,686	$2,688,553
Less current portion	303,948	279,466
	$2,216,738	$2,409,087

The interest rates on the above obligations average 11.86% and fluctuate with the prime lending rate.

Included in notes payable is an amount of $78,000 relating to the balance of the acquisition cost of the net assets of Donlun Chemical Coatings Ltd. which is payable out of future defined profits.

6. Dividends Paid to Preferred Shareholders

	1976	1975
Regular	$22,695	$28,614
Participating	11,457	44,617
	$34,152	$73,231
Par value of preferred shares purchased for redemption – 9,710 shares (1975 – 7,948 shares)	$97,100	$79,480

Assuming that the 35,737 preferred shares outstanding at July 31, 1976 continue to be outstanding at December 1, 1976 a participating preferred dividend in the amount of $3,931 is to be declared on or before December 14, 1976.

At July 31, 1976 the amount to be credited on October 1, 1976 to the purchase fund for the retirement of preferred shares amounted to $6,882. If such fund exceeds the sum of $15,000 at December 31, 1978 the amount of such fund, under the provisions attaching to the preferred shares, is to be applied to the purchase or redemption of outstanding preferred shares.

7. Outstanding Common Share Warrants and Options

	Number of shares
Warrants with 'Series B' Bonds, $6 per share to 1979	10,900

Subsequent event

Under the 1972 Mia Chemical Limited acquisition agreement an account receivable of the acquired companies was to be revalued at July 31, 1976. As a result of the recovery and revaluation of this account, and pursuant to the acquisition agreement, an additional 5,545 common shares may be issued during the 1977 fiscal year.

8. Commitments

Leases. The Company is committed under the terms of various leases for annual rental payments as follows:

1977 – $574,824; 1978 – $562,604; 1979 – $541,572; 1980 – $474,637; to 1984 – $439,342.

Included in the above is the Bayex Incorporated land, building and equipment lease for a term of fifteen years from the County of Orleans Industrial Development Agency. The Industrial Revenue Bond amounts to $3,000,000 and bears interest at 8½% and is being amortized by equal monthly payments of $29,542 over the fifteen year term. Basic rental payments under the lease agreement are sufficient to pay interest and principal requirements of the bond issue.

After August 1, 1976 the subsidiary has the option to purchase the land, equipment and facility for the redemption price of the outstanding bonds.

The lease agreement contains, among other things, standard financial covenants for both the subsidiary and the Company.

9. Statutory Information

Fees paid to four directors amounted to $11,300 (1975 – $9,100).

Remuneration of six officers amounted to $233,633 (1975 – $237,985). Two officers are directors of the company.

10. Extraordinary Item

In 1976, a pre-acquisition loss was utilized resulting in an income tax saving of $20,000.

Five Year Review

	1976	1975	1974	1973	1972
Operating results					
Earnings	$1,120,613	$1,512,774	$2,813,149	$1,367,663	$ 929,394
Provision for depreciation and amortization*	416,130	351,990	258,574	210,496	192,843
Interest on term debt	304,312	153,907	88,355	104,129	96,376
Provision for income taxes*	156,619	390,575	1,063,915	475,997	273,184
Non-operating items	20,000	1,163	98,544	—	92,786
Net earnings (loss)*	263,552	617,465	1,500,849	577,041	459,777
% of shareholders' equity at beginning of year*	5.5%	14.9%	53.8%	28.3%	29.2%
Per common share*	$0.62	$1.52	$3.94	$1.68	$1.32
Balance sheet data					
Net current assets	$3,279,726	$3,657,108	$2,522,556	$1,383,609	$1,057,827
Fixed assets less depreciation*	4,196,039	4,203,782	3,458,782	2,664,022	2,535,415
Other assets	411,400	139,892	52,114	40,450	54,867
Net tangible assets*	7,887,165	8,000,782	6,033,452	4,088,081	3,648,109
Term debt	2,156,738	2,289,087	1,130,000	740,000	795,000
Other deferred financing*†	1,129,850	1,226,300	1,028,300	858,676	815,005
Shareholders' equity	4,870,577	4,755,395	4,145,152	2,789,405	2,038,104
Financial statistics					
Ratio of net current assets to current liabilities	1.41	1.49	1.37	1.31	1.31
Ratio of net tangible assets to term debt*	3.66	3.50	5.34	5.52	4.59
Ratio of shareholders' equity to term debt*	2.26	2.08	3.67	3.77	2.56
Book value per common share*	11.88	11.34	10.07	6.15	4.70
Number of common shares outstanding	379,932	379,232	358,332	357,832	307,832
Toronto Stock Exchange trading history –					
Common shares					
Trading price range:					
High	$14.00	$12.75	$14.00	$9.50	$8.25
Low	9.50	7.75	6.50	6.25	1.30
Number of shares traded	22,500	27,231	16,800	33,700	37,100

* restated to reflect prior period adjustment
† includes deferred tax credit (and minority interest for the year 1972)

Bay Mills Limited, Corporate office: 365 Evans Avenue, Toronto, Ontario

Directors

Steven F. Cerny
President, Bay Mills Limited, Toronto

*J. Reg Findley
Retired, Vice-President, F.H. Deacon & Company Limited, Toronto

Peter Kaye
President, Perkay Limited, Montreal

*E. John Finn
Group Vice-President, Environmental Systems, The Carborundum Company, Niagara Falls, New York.

*John D. Loveridge
President, Ingersoll Machine & Tool Company Limited, Ingersoll

*Derek H. Mather
Senior Vice-President, Canadian Enterprise Development Corporation Limited, Montreal

Sydney J. Nicholls
Vice-President, Bay Mills Limited, Toronto

**Member of the Company's Audit Committee*

Officers

S.F. Cerny, *President*
W.J. Cosgrove, *Vice-President, Finance*
S.R. Scotchmer, *Vice-President*
H.C. Smith, *Vice-President*
S.J. Nicholls, *Vice-President and Secretary Treasurer*

Divisions & Subsidiaries

Midland Division, Midland, Ontario
A.G. Farrell, *General Manager*
G.A. Tyler, *Sales Manager*
F.J. Kurschner, *Plant Manager*
F.G. Spence, *Controller*
W.A. Burchmore, *Branch Manager, Montreal*
K.J. Shields, *Product Manager, Permascreen*
V. Stryk, *Export Manager*

Bayex Division, St. Catharines, Ontario
Bayex Incorporated, Albion, New York, U.S.A.
S.R. Scotchmer, *General Manager*
M.A. Cherry, *General Sales Manager*
J.G. Payne, *Manufacturing Manager*
I.G. Cooper, *Product Development Manager*
D.E. Minchin, *Controller*

Mia Chemical Limited, Mississauga, Ontario
Waldor Chemical Ltd., Montreal, Quebec
Park-Hannesson Ltd., Winnipeg, Manitoba
H.C. Smith, *President*
F.J. Gilfillan, *Vice-President Operations*
R. Dooley, *Controller*
M. Brand, *Product Manager, Equipment*
J.H. Berrys, *Product Manager*
A. Jozsa, *Product Manager, Coatings*
D. Knight, *Branch Manager, Winnipeg*
D. Sorenson, *Branch Manager, Edmonton*
G. Pellerin, *Branch Manager, Montreal*
R. Kilbey, *Branch Manager, Toronto*
J. Hea, *Branch Manager, Kansas City, Missouri, U.S.A.*

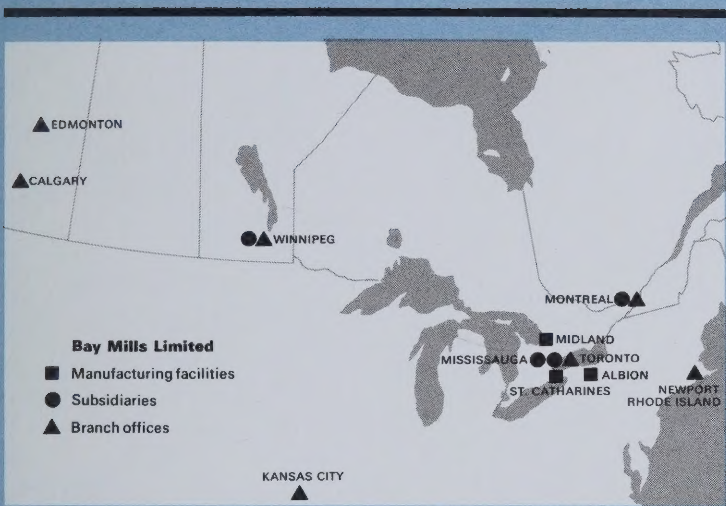
House of Sturgeon (National) Limited
D. Lunny, *General Manager*
J.D.V. Keown, *Controller*

Corporate Data

Transfer Agent
The Royal Trust Company, Toronto

Bankers
The Toronto-Dominion Bank, The Mercantile Bank of Canada, Manufacturers-Hanover Trust Company, Genesee Region

Stock Listing
The Toronto Stock Exchange


EDMONTON
CALGARY
WINNIPEG
MONTREAL
MIDLAND
MISSISSAUGA
TORONTO
ALBION
ST. CATHARINES
NEWPORT
RHODE ISLAND
KANSAS CITY
Bay Mills Limited
Manufacturing facilities
Subsidiaries
Branch offices

Bay Mills Limited
Corporate Office: 365 Evans Avenue, Toronto, Ontario M8Z 1K2

Printed in Canada